

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name MAYFIELD TOWNSHIP	County LAPEER
Fiscal Year End 6/30/06	Opinion Date 08/11/06	Date Audit Report Submitted to State 11/17/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

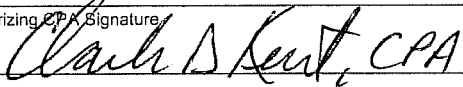
YES ☒ NO ☐

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BROWN & KENT, PC		Telephone Number 810-664-4470	
Street Address 951 S MAIN STREET, SUITE 3		City LAPEER	State MI
Authorizing CPA Signature 		Printed Name CLARK D. KENT	License Number 1101018986

**MAYFIELD TOWNSHIP  
LAPEER, MICHIGAN**

**FINANCIAL REPORT  
WITH ADDITIONAL INFORMATION  
FOR YEAR ENDED JUNE 30, 2006**

**MAYFIELD TOWNSHIP**

**TABLE OF CONTENTS**

	<b><u>PAGE NUMBER</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>I – II</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>III – X</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
STATEMENT OF NET ASSETS	1
STATEMENT OF ACTIVITIES	2 – 3
BALANCE SHEET – GOVERNMENTAL FUNDS	4 – 5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	6 – 7
STATEMENT OF NET ASSETS – ENTERPRISE FUND	8
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS – ENTERPRISE FUND	9
STATEMENT OF CASH FLOWS – ENTERPRISE FUND	10
STATEMENT OF FIDUCIARY NET ASSETS	11
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>12 – 21</b>
<b>REQUIRED SUPPLEMENTAL INFORMATION</b>	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND	22 – 28
<b>NOTES TO REQUIRED SUPPLEMENTAL INFORMATION</b>	<b>29</b>
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS	30 – 31
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS	32 – 33

# BROWN & KENT, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

951 S. MAIN STREET, SUITE #3

LAPEER, MICHIGAN 48446

(810) 664-4470

FAX (810) 664-3601

### INDEPENDENT AUDITORS' REPORT

To the Board Members  
Mayfield Township  
Lapeer, MI 48446

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mayfield Township (the "Township"), Lapeer, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Mayfield Township, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion it.

To the Board Members  
Mayfield Township  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mayfield Township's basic financial statements. The accompanying other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Brown & Kent, P.C.*

Certified Public Accountants

August 11, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MAYFIELD TOWNSHIP  
LAPEER COUNTY  
LAPEER, MICHIGAN**

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

---

As the Township Board of Mayfield Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Mayfield Township for the fiscal year ended June 30, 2006.

**Financial Highlights**

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$5,147,046. Of this amount, \$425,832 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of current fiscal year, the Township's governmental funds reported combined ending fund balances of \$536,582, an increase of \$92,550 in comparison with the prior year. Approximately 81.3 percent of the total amount, \$436,573, is available for spending at the Township's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$377,598, or approximately 37.95 percent of total general fund expenditures.
- The Township's total debt decreased by \$152,105, or 19.86 percent, during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The ***Statement of Net Assets*** presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all of a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include general government, public safety, public works, cemetery, and building department operations. The business-type activities of the Township include *an airport*.

The government-wide financial statements can be found on pages 1-3 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Mayfield Township maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue and Fiduciary which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriate budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

**Proprietary funds.** The Township maintains a single proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses an enterprise fund to account for its airport activity.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 11 of this report.



**Notes to the financial statements.** The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-21 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on pages 22-29 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 30-33 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Mayfield Township, assets exceeded liabilities by \$5,147,046, at the close of the most recent fiscal year.

By far the most significant portion of the Township's net assets, approximately 87.71 percent, reflects its investment in capital assets, e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding. The Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following tables show, in a condensed format, the Net Assets of the Township for June 30, 2006.

#### Mayfield Township's Net Assets June 30, 2006

Governmental Activities			
	June 30, 2006	June 30, 2005	Increase / (Decrease)
Current and Other Assets	\$ 598,862	\$ 608,871	\$ (10,009)
Capital Assets	500,857	505,308	(4,451)
Total Assets	1,099,719	1,114,179	(14,460)
Long-term Liabilities	167,523	167,523	-
Other Liabilities	62,280	164,839	(102,559)
Total Liabilities	229,803	332,362	(102,559)
Net Assets:			
Invested in Capital Assets Net of Related Debt	333,334	337,785	(4,451)
Restricted	110,750	104,821	5,929
Unrestricted	425,832	339,211	86,621
Total Net Asset	\$ 869,916	\$ 781,817	\$ 88,099

### Business-type Activities

	June 30, 2006	June 30, 2005	Increase / (Decrease)
Current and Other Assets	\$ 111,676	\$ 144,166	\$ (32,490)
Capital Assets	4,549,359	4,134,380	414,979
<b>Total Assets</b>	<b>4,661,035</b>	<b>4,278,546</b>	<b>382,489</b>
Long-term Liabilities	338,609	367,949	(29,340)
Other Liabilities	45,296	65,502	(20,206)
<b>Total Liabilities</b>	<b>383,905</b>	<b>433,451</b>	<b>(49,546)</b>
<b>Net Assets:</b>			
Invested in Capital Assets Net of Related Debt	4,181,132	3,738,381	442,751
Restricted	95,998	106,714	(10,716)
Unrestricted	-	-	-
<b>Total Net Asset</b>	<b>\$ 4,277,130</b>	<b>\$ 3,845,095</b>	<b>\$ 432,035</b>

### Totals

	June 30, 2006	June 30, 2005	Increase / (Decrease)
Current and Other Assets	\$ 710,538	\$ 753,037	\$ (42,499)
Capital Assets	5,050,216	4,639,688	410,528
<b>Total Assets</b>	<b>5,760,754</b>	<b>5,392,725</b>	<b>368,029</b>
Long-term Liabilities	506,132	535,472	(29,340)
Other Liabilities	107,576	230,341	(122,765)
<b>Total Liabilities</b>	<b>613,708</b>	<b>765,813</b>	<b>(152,105)</b>
<b>Net Assets:</b>			
Invested in Capital Assets Net of Related Debt	4,514,466	4,076,166	438,300
Restricted	206,748	211,535	(4,787)
Unrestricted	425,832	339,211	86,621
<b>Total Net Asset</b>	<b>\$ 5,147,046</b>	<b>\$ 4,626,912</b>	<b>\$ 520,134</b>

The following tables show the changes in the Net Assets during the fiscal year ending June 30, 2006.

**Mayfield Township's Changes in Net Assets  
June 30, 2006**

<b>Governmental Activities</b>			
	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues:			
Charges for Services	\$ 213,015	\$ 177,770	\$ 35,245
General Revenue			
Property Taxes and Collection Fees	373,050	357,151	15,899
State-shared Revenue	527,155	520,572	6,583
Franchise Fees	31,700	25,422	6,278
Other Revenue	54,143	42,411	11,732
Total Revenue	<u>1,199,063</u>	<u>1,123,326</u>	<u>75,737</u>
Program Expenses			
General Government	426,511	415,884	10,627
Public Safety	438,913	382,538	56,375
Public Works	104,228	395,577	(291,349)
Cemetery	46,028	53,323	(7,295)
Health and Welfare	22,977	34,465	(11,488)
Drug Forfeiture	900	-	900
Building Department	71,407	66,941	4,466
Total Program Expenses	<u>1,110,964</u>	<u>1,348,728</u>	<u>(237,764)</u>
Change in Net Assets	88,099	(225,402)	313,501
Net Assets – Beginning of year	<u>781,817</u>	<u>1,007,219</u>	<u>(225,402)</u>
Net Assets – End of year	<u>\$ 869,916</u>	<u>\$ 781,817</u>	<u>\$ 88,099</u>

<b>Business-type Activities</b>			
	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues:			
Charges for Services	\$ 133,184	\$ 136,361	\$ (3,177)
Capital Grants and Contributions	500,125	23,096	477,029
General Revenue			
Other Revenue	11,110	9,050	2,060
Total Revenue	<u>644,419</u>	<u>168,507</u>	<u>475,912</u>
Program Expenses			
Airport	212,384	177,072	35,312
Total Program Expenses	<u>212,384</u>	<u>177,072</u>	<u>35,312</u>
Change in Net Assets	432,035	(8,565)	440,600
Net Assets – Beginning of year	<u>3,845,095</u>	<u>3,853,660</u>	<u>(8,565)</u>
Net Assets – End of year	<u>\$ 4,277,130</u>	<u>\$ 3,845,095</u>	<u>\$ 432,035</u>

<b>Totals</b>			
	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues:			
Charges for Services	\$ 346,199	\$ 314,131	32,068
Capital Grants and Contributions	500,125	23,096	477,029
General Revenue			
Property Taxes and Collection Fees	373,050	357,151	15,899
State-shared Revenue	527,155	520,572	6,583
Franchise Fees	31,700	25,422	6,278
Other Revenue	65,253	51,461	13,792
Total Revenue	<u>1,843,482</u>	<u>1,291,833</u>	<u>551,649</u>
Program Expenses			
General Government	426,511	415,884	10,627
Public Safety	438,913	382,538	56,375
Public Works	104,228	395,577	(291,349)
Cemetery	46,028	53,323	(7,295)
Health and Welfare	22,977	34,465	(11,488)
Drug Forfeiture	900	-	900
Building Department	71,407	66,941	4,466
Airport	212,384	177,072	35,312
Total Program Expenses	<u>1,323,348</u>	<u>1,525,800</u>	<u>(202,452)</u>
Change in Net Assets	520,134	(233,967)	754,101
Net Assets – Beginning of year	<u>4,626,912</u>	<u>4,860,879</u>	<u>(233,967)</u>
Net Assets – End of year	<u>\$ 5,147,046</u>	<u>\$ 4,626,912</u>	<u>\$ 520,134</u>

An additional portion of the Township's net assets, 4.02 percent or \$206,748, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$425,832, may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

During the current fiscal year the Township's net assets increased by \$520,134

**Governmental activities.** Governmental activities increased the Township's net assets by \$88,099.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Noteworthy exceptions are: 1) Public Safety Services increased approximately 14.7 percent to \$438,913, due mostly to increased fire and law enforcement cost increases and 2) Airport expenses increased nearly 20 percent to \$212,384, due mostly to increased depreciation expense because of recent updates and additions.

**Business-type activities.** Business-type activities increased the Township's net assets by \$432,035. This was due in large part to a grant from the State of Michigan used for reconstructing and extending the taxiway and to purchase avigation easements.

## Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balance of \$536,582, an increase of \$92,550, in comparison with the prior year. Approximately 76 percent of this total amount, \$425,832, is available for spending at the Township's discretion. The remaining portion, \$110,750, is restricted to its use.

The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$377,598. Unreserved fund balance represents approximately 37.95 percent of the total current year general fund expenditures.

The fund balance of the Township's General Fund increased by \$116,120, during the current fiscal year.

**Proprietary funds.** The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the Airport Fund are restricted for use on airport activities. Net assets of the Airport Fund available for spending at the end of the year amounted to \$66,380, a decrease of \$40,334. Overall the net assets of the Airport fund increased \$432,035. Other factors concerning the finances of the fund have already been addressed in the discussion of the Township's business-type activities.

## General Fund Budgetary Highlights

There was no increase or decrease in total appropriations between the original budget and the final amended budget.

## Capital Asset and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$5,050,216, *net of accumulated depreciation*. This investment in capital assets includes land, buildings, improvements, machinery and equipment. The total increase in the Township's investment in capital assets for the current fiscal year was 8.85 percent (a 0.88 percent decrease for governmental activities and a 10.00 percent increase for business-type activities). The decrease in the governmental activities was due mostly to depreciation of the capital assets and the retirement of the Township's police cars. The increase in the business-type activities was due to a grant from the State of Michigan for the reconstruction of the airport taxiway and purchase of aviation easements.

Details of the Township's capital assets are continued in the notes to the financial statements on pages 18-19.

**Long-term debt.** At the end of the current fiscal year, the Township had total installment debt outstanding of \$535,750.

Additional information on the Township's long-term debt can be found in the notes on pages 19-20.

## **Economic Factors and Next Year's Budgets and Rates**

It is anticipated that state shared revenues will decrease in the 2006-2007 fiscal year due to continuing State budget shortfalls. The Township millage rate was again reduced by the Headlee Amendment rollback to 1.5591 mills for general operating purposes. These factors were considered in preparing the Township's budget for the 2006-2007 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of Mayfield Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Mayfield Township Clerk, 1900 N. Saginaw Road, Lapeer, MI 48446.

## **BASIC FINANCIAL STATEMENTS**

**MAYFIELD TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2006**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 226,823	\$ 111,676	\$ 338,499
Investments	223,460	-	223,460
Accounts Receivable - Fireruns	47,403	-	47,403
Accounts Receivable - State Shared Revenue	78,112	-	78,112
Accounts Receivable - Other	-	-	-
Prepaid Expenditures	23,064	-	23,064
Total Current Assets	<u>598,862</u>	<u>111,676</u>	<u>710,538</u>
Capital Assets			
Land and Improvements, Net of Depreciation	22,374	3,789,598	3,811,972
Building and Improvements, Net of Depreciation	347,260	742,410	1,089,670
Equipment, Net of Depreciation	40,383	17,351	57,734
Municipal Water System, Net of Depreciation	90,840	-	90,840
Total Capital Assets	<u>500,857</u>	<u>4,549,359</u>	<u>5,050,216</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,099,719</u></u>	<u><u>\$ 4,661,035</u></u>	<u><u>\$ 5,760,754</u></u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ 60,194	\$ 12,786	\$ 72,980
Accrued Payroll	2,086	-	2,086
Deferred Income	-	300	300
Deposits Payable	-	1,960	1,960
Unearned Rent	-	632	632
Current Portion of Long-term Debt	-	29,618	29,618
Total Current Liabilities	<u>62,280</u>	<u>45,296</u>	<u>107,576</u>
LONG-TERM DEBT, Net of Current Portion	<u>167,523</u>	<u>338,609</u>	<u>506,132</u>
<b>TOTAL LIABILITIES</b>	<u>229,803</u>	<u>383,905</u>	<u>613,708</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	333,334	4,181,132	4,514,466
Restricted for:			
Permanent Fund - Perpetual Care Fund	100,009	-	100,009
Building Department Operations	10,741	-	10,741
Airport Fund Operations	-	95,998	95,998
Unrestricted	425,832	-	425,832
<b>TOTAL NET ASSETS</b>	<u>869,916</u>	<u>4,277,130</u>	<u>5,147,046</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,099,719</u></u>	<u><u>\$ 4,661,035</u></u>	<u><u>\$ 5,760,754</u></u>

The accompanying notes are an integral part of the financial statements.



**MAYFIELD TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2006**

	Functions / Programs			
	Governmental Activities			
	General Government	Public Safety	Public Works	Health and Welfare
EXPENSES				
Salaries and Benefits	\$ 253,581	\$ 5,851	\$ -	\$ -
Employment Taxes	15,345	393	-	-
Professional Services	38,082	409,720	-	22,977
Roads	-	-	68,989	-
Recycling	-	-	1,220	-
Street Lights	-	-	9,236	-
Mass Transportation	-	-	14,836	-
Management Fee	-	-	-	-
Interest	-	-	-	-
Bonds and Insurance	-	-	-	-
Depreciation	27,749	7,574	-	-
Other Program Expenses	91,754	15,375	9,947	-
TOTAL EXPENSES	426,511	438,913	104,228	22,977
PROGRAM REVENUES				
Charges for Services	5,565	84,947	3,693	-
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
NET PROGRAM (EXPENSES) REVENUES	(420,946)	(353,966)	(100,535)	(22,977)
GENERAL REVENUES				
Property Taxes				
Collection Fees				
State Shared Revenue				
Right-of-Way Fee				
Interest Income				
Cable TV Franchise Fee				
Rental Income				
Gain (Loss) on Sale of Capital Assets				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
NET ASSETS - BEGINNING				
NET ASSETS - ENDING				

The accompanying notes are an integral part of the financial statements.

				Business-type Activities	
Cemetery	Drug Forfeiture	Building Department	Total Governmental	Airport	Total
\$ -	\$ -	\$ 2,154	\$ 261,586	\$ -	\$ 261,586
-	-	165	15,903	-	15,903
40,979	-	65,184	576,942	19,358	596,300
-	-	-	68,989	-	68,989
-	-	-	1,220	-	1,220
-	-	-	9,236	-	9,236
-	-	-	14,836	-	14,836
-	-	-	-	21,788	21,788
-	-	-	-	21,350	21,350
-	-	-	-	21,793	21,793
-	-	-	35,323	109,991	145,314
5,049	900	3,904	126,929	18,104	145,033
46,028	900	71,407	1,110,964	212,384	1,323,348
44,068	345	74,397	213,015	133,184	346,199
-	-	-	-	-	-
-	-	-	-	500,125	500,125
(1,960)	(555)	2,990	(897,949)	420,925	(477,024)
				329,066	329,066
				43,984	43,984
				527,155	527,155
				7,469	7,469
				17,220	21,890
				4,670	21,890
				31,700	31,700
				22,097	22,097
				-	22,097
				(4,359)	(4,359)
				-	(4,359)
				11,716	18,156
				6,440	18,156
				986,048	997,158
				11,110	997,158
				88,099	520,134
				432,035	520,134
				781,817	4,626,912
				3,845,095	4,626,912
				\$ 869,916	\$ 5,147,046
				\$ 4,277,130	\$ 5,147,046

**MAYFIELD TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 196,529	\$ 30,294	\$ 226,823
Investments	94,494	128,966	223,460
Due from Other Funds	179	-	179
Accounts Receivable	47,403	-	47,403
Accounts Receivable - State Shared Revenue	78,112	-	78,112
Prepaid Expenses	23,064	-	23,064
<b>TOTAL ASSETS</b>	<u><u>\$ 439,781</u></u>	<u><u>\$ 159,260</u></u>	<u><u>\$ 599,041</u></u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 60,097	\$ 97	\$ 60,194
Accrued Expenses	2,086	-	2,086
Due to Other Funds	-	179	179
<b>TOTAL LIABILITIES</b>	<u><u>62,183</u></u>	<u><u>276</u></u>	<u><u>62,459</u></u>
<b>FUND EQUITY</b>			
Fund Balance			
Unreserved - Undesignated	377,598	158,984	536,582
<b>TOTAL FUND EQUITY</b>	<u><u>377,598</u></u>	<u><u>158,984</u></u>	<u><u>536,582</u></u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 439,781</u></u>	<u><u>\$ 159,260</u></u>	<u><u>\$ 599,041</u></u>

The accompanying notes are an integral part of the financial statements.

Reconciliation of Total Governmental Funds Balances to Net  
Assets of Governmental Activities

---

Total Governmental Funds Balances	\$ 536,582
-----------------------------------	------------

Amounts reported for Governmental Activities  
in the Statement of Net Assets are different  
because:

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.	500,857
---	---------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(167,523)</u>
--	------------------

Net Assets of Governmental Activities	<u><u>\$ 869,916</u></u>
---------------------------------------	--------------------------

**MAYFIELD TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR YEAR ENDED JUNE 30, 2006**

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 373,050	\$ 1,344	\$ 374,394
Licenses and Fees	42,384	3,075	45,459
Intragovernmental	527,155	-	527,155
Charges for Services	74,520	115,388	189,908
Fines and Forfeits	7,028	345	7,373
Interest	10,263	6,957	17,220
Rental	22,097	-	22,097
Other Revenue	23,642	-	23,642
TOTAL REVENUES	<u>1,080,139</u>	<u>127,109</u>	<u>1,207,248</u>
EXPENDITURES			
General Government	437,368	-	437,368
Health and Welfare	22,977	-	22,977
Building	-	71,407	71,407
Cemetery	-	46,028	46,028
Public Safety	430,303	2,387	432,690
Public Works	104,228	-	104,228
TOTAL EXPENDITURES	<u>994,876</u>	<u>119,822</u>	<u>1,114,698</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>85,263</u>	<u>7,287</u>	<u>92,550</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	30,857	4,606	35,463
Operating Transfers Out	-	(35,463)	(35,463)
TOTAL OVER FINANCING SOURCES (USES)	<u>30,857</u>	<u>(30,857)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	116,120	(23,570)	92,550
FUND BALANCE - JULY 1, 2005	<u>261,478</u>	<u>182,554</u>	<u>444,032</u>
FUND BALANCE - JUNE 30, 2006	<u><u>\$ 377,598</u></u>	<u><u>\$ 158,984</u></u>	<u><u>\$ 536,582</u></u>

The accompanying notes are an integral part of the financial statements.

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities

---

Net change in fund balance - Total Governmental Funds	\$	92,550
--	----	--------

Amounts reported for Governmental Activities  
in the Statement of Activities are different  
because:

Governmental funds report capital outlays expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		3,736
---	--	-------

Governmental funds report the proceeds from the sale of Capital Assets. In the Statement of Activities only the gain or loss on the sale of these assets is reported. This is the amount by which the proceeds exceeded the gain or loss in the current period.		(8,187)
--	--	---------

Change in Net Assets of Governmental Activities	\$	88,099
---	----	--------

**MAYFIELD TOWNSHIP  
STATEMENT OF NET ASSETS  
ENTERPRISE FUND  
JUNE 30, 2006**

	<u>Airport Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 111,676
Accounts Receivable - Other	-
Total Current Assets	<u>111,676</u>
Capital Assets	
Land and Improvements, Net of Depreciation	3,789,598
Building and Improvements, Net of Depreciation	742,410
Equipment, Net of Depreciation	17,351
Total Capital Assets	<u>4,549,359</u>
TOTAL ASSETS	<u><u>\$ 4,661,035</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 12,786
Deferred Income	300
Deposits Payable	1,960
Unearned Rent	632
Current Portion of Long-term Debt	29,618
Total Current Liabilities	<u>45,296</u>
LONG-TERM DEBT, Net of Current Portion	<u>338,609</u>
TOTAL LIABILITIES	<u>383,905</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	4,210,750
Restricted for:	
Airport Fund Operations	66,380
Unrestricted	-
TOTAL NET ASSETS	<u><u>4,277,130</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,661,035</u></u>

The accompanying notes are an integral part of the financial statements.

**MAYFIELD TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND NET ASSETS - ENTERPRISE FUND**  
**JUNE 30, 2006**

	<u>Airport Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 133,184
Other Income	<u>6,440</u>
TOTAL OPERATING REVENUES	<u>139,624</u>
OPERATING EXPENSES	
Bonds and Insurance	21,793
Contractual Services	500
Depreciation	109,991
Legal and Professional Fees	18,858
Licenses and Permits	645
Management Fees	21,788
Miscellaneous	1,175
Office Supplies and Expense	212
Repairs and Maintenance	11,861
Utilities	<u>4,211</u>
TOTAL OPERATING EXPENSES	<u>191,034</u>
NET OPERATING INCOME (LOSS)	(51,410)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	4,670
Interest Expense	<u>(21,350)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(16,680)</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	(68,090)
CAPITAL GRANTS AND CONTRIBUTIONS	<u>500,125</u>
NET INCOME (LOSS) / CHANGE IN NET ASSETS	432,035
NET ASSETS - JULY 1, 2005	<u>3,845,095</u>
NET ASSETS - JUNE 30, 2006	<u><u>\$ 4,277,130</u></u>

The accompanying notes are an integral part of the financial statements.



**MAYFIELD TOWNSHIP  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR YEAR ENDED JUNE 30, 2006**

	<u>Airport Fund</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 133,162
Other Operating Revenues	6,440
Payments to Suppliers	<u>(99,230)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>40,372</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments of Long-term Debt	(27,772)
Interest Paid	<u>(21,350)</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(49,122)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Capital Assets	(24,845)
Interest Income	<u>4,670</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(20,175)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,925)
CASH AND CASH EQUIVALENTS - JULY 1, 2005	<u>140,601</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2006	<u><u>\$ 111,676</u></u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ (51,410)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	109,991
Receivable (Increase) Decrease	3,565
Deferred Income Increase (Decrease)	(3,600)
Unearned Rent Increase (Decrease)	12
Payable Increase (Decrease)	<u>(18,186)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 40,372</u></u>
NON-CASH INVESTING ACTIVITIES	
Assets aquired through Contributions	<u><u>\$ 500,125</u></u>

The accompanying notes are an integral part of the financial statements.

**MAYFIELD TOWNSHIP**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2006**

	Agency	
	Trust and Agency	Current Tax Fund
ASSETS		
Cash in Bank		
Demand Deposits	\$ 2,350	\$ -
Investments	-	-
	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 2,350</u>	<u>\$ -</u>
LIABILITIES		
Deposits Payable	\$ 2,350	\$ -
Due to Others	-	-
	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>2,350</u>	<u>-</u>
NET ASSETS	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Mayfield Township (the “Township”), conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Township are described below.

**A. REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes providing police protection, fire services, road maintenance and repairs, cemeteries, and planning and zoning. The Board of Trustees and the Township Administrator have direct responsibility for these activities.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority or the organization's governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organizations. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes, or determines the budget.

Based on the aforementioned criteria, Mayfield Township has no component units.

**B. BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Township. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include; (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**FUND FINANCIAL STATEMENTS**

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2006**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Township has presented the following major governmental fund.

General Fund – The General Fund is the general operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

The Township has presented the following major enterprise (business-type) fund.

Airport Fund – The Airport Fund is used to account for all financial resources and expenditures of the Township airport.

Additionally, the Township has two agency fiduciary funds as follows:

Trust and Agency Fund – This fund is used to account for the collection and disbursement of performance and other deposits payable.

Tax Collection Fund – This fund is used to account for the collection and disbursement of property taxes assessed within the Township.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING** (Continued)

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the Township are also recognized as revenue. All other Governmental Fund Type revenues are recognized when received.

Enterprise funds distinguish operating revenue and expense from non-operating items. Operating revenue and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenue of our Enterprise Fund relates to charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

**D. BUDGETS AND BUDGETARY ACCOUNTING**

The Township Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the beginning of the fiscal year, the Board proposes an operating budget for each budgetary fund. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statute requires that the budget be submitted in summary form. Also, more detailed line item budgets are included for administrative control.
- (2) A public hearing is conducted to obtain taxpayer comment.
- (3) The budgets are adopted by a majority vote of the Township Board.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- (5) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Amendments to the Budget are approved by the Township Board, as necessary.

**E. CASH EQUIVALENTS**

The Township considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**F. INVESTMENTS**

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2006**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations.

H. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated Assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$500 or more for equipment and \$5,000 or more for non-equipment, and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Governmental

Buildings and Improvements	5-50 years
Equipment	5-20 years
Vehicles	5 years
Municipal Water System	50 years

Enterprise

Buildings and Improvements	20-50 years
Equipment	7-10 years
Land Improvements	25-50 years

I. NET ASSETS

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

J. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds."

K. USE OF ESTIMATES

The preparation of basic financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2006**

**NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS**

All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

**STATUTORY AUTHORITY**

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- (1) bonds and other direct obligations of the United States or its agencies,
- (2) certificates of deposits, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national credit union administration that are eligible to be a depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146), and
- (3) mutual funds composed of investments, which are legal for direct investment of local government.

**CASH AND EQUIVALENTS**

A summary of cash and equivalents as of June 30, 2006 follows:

	Carrying Value	Bank Balance	Covered By FDIC Insurance
Cash			
Demand Deposits	\$ 228,598	\$ 200,931	\$ 156,267
Savings Deposits	111,941	111,941	14,022
Petty Cash	310	-	-
Total Cash	340,849	312,872	170,289
 Certificates of Deposit	 169,959	 169,959	 130,779
 Total Cash & Certificates of Deposit	 \$ 510,808	 \$ 482,831	 \$ 301,068

Bank balance does not reflect deposits in transit or outstanding checks.

FDIC Regulation Number 330.8, provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000, in every financial institution that is not a branch location and that is a member of FDIC in the following deposit accounts:

- (1) All demand, non-interest bearing accounts (checking), in the name of the authorized or statutory custodian (treasurer) of public funds.
- (2) All savings deposits, which include regular passbook, daily interest savings, and time certificates of deposit in the name of the governmental unit's custodian.



**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2006**

**NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS** (Continued)

**INVESTMENTS**

The Governmental Accounting Standards Board of the Financial Accounting Foundation Statement 3, includes the requirement that a government entity's investments be classified into three categories of credit risk. The categories are:

- (1) Insured or registered securities held by the government entity of its agent in the entity's name;
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name; and
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

The Township has invested \$53,501 with Comerica Bank in their Investment Fund. These mutual fund investments cannot be categorized, because they are not evidenced by securities that exist in physical or book entry form.

**NOTE 3 – INTERFUND TRANSACTIONS**

**Operating Transfers**

Operating transfers constitute the transfer of resources from the fund that received the resources to the fund that utilized them. The interfund transfers are as follows:

<u>Fund</u>	<u>Operating Transfer In</u>	<u>Fund</u>	<u>Operating Transfer Out</u>
General Fund	\$ 30,857	Special Revenue	
Special Revenue		Revolving Improvement Fund	\$ 30,857
Cemetery Operating Fund	4,606	Permanent Fund	
		Perpetual Care Fund	4,606
Total	<u>\$ 35,463</u>	Total	<u>\$ 35,463</u>

**Interfund Receivables/Payables**

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General Fund	\$ 179	Special Revenue Fund	
		Crossing Guard	\$ 179
Total	<u>\$ 179</u>	Total	<u>\$ 179</u>

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2006**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for governmental activities for the year ended June 30, 2006, was as follows:

	Balance 7-01-05	Additions	Deletions	Balance 6-30-06
Capital Assets Not Being Depreciated				
Land	\$ 22,374	\$ -	\$ -	\$ 22,374
Total Capital Assets Not Being Depreciated	22,374	-	-	22,374
Capital Assets Being Depreciated				
Building and Improvements	565,288	27,822	-	593,110
Equipment	158,433	11,238	18,662	151,009
Municipal Water System	170,858	-	-	170,858
Vehicles	42,343	-	42,343	-
Total Capital Assets Being Depreciated	936,922	39,060	61,005	914,977
Less Accumulated Depreciation For				
Building and Improvements	230,272	15,578	-	245,850
Equipment	117,003	10,336	16,713	110,626
Municipal Water System	76,601	3,417	-	80,018
Vehicles	30,112	5,992	36,104	-
Total Accumulated Depreciation	453,988	35,323	52,817	436,494
Total Capital Assets Being Depreciated, Net	482,934	3,737	8,188	478,483
Total Governmental Activity Assets, Net	\$ 505,308	\$ 3,737	\$ 8,188	\$ 500,857

Capital asset activity for business-type activities for the year ended June 30, 2006, was as follows:

	Balance 7-01-05	Additions	Deletions	Balance 6-30-06
Capital Assets Not Being Depreciated				
Land	\$ 2,063,213	\$ 151,000	\$ -	\$ 2,214,213
Total Capital Assets Not Being Depreciated	2,063,213	151,000	-	2,214,213
Capital Assets Being Depreciated				
Building and Improvements	966,279	-	-	966,279
Equipment	88,252	4,344	-	92,596
Land Improvements	1,402,330	369,626	-	1,771,956
Total Capital Assets Being Depreciated	2,456,861	373,970	-	2,830,831
Less Accumulated Depreciation For				
Building and Improvements	197,397	26,472	-	223,869
Equipment	66,282	8,963	-	75,245
Land Improvements	122,015	74,556	-	196,571
Total Accumulated Depreciation	385,694	109,991	-	495,685
Total Capital Assets Being Depreciated, Net	2,071,167	263,979	-	2,335,146
Total Business-type Activity Assets, Net	\$ 4,134,380	\$ 414,979	\$ -	\$ 4,549,359

**MAYFIELD TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2006**

**NOTE 4 – CAPITAL ASSETS** (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 27,749
Public Safety	<u>7,574</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 35,323</u>
Business-type Activities:	
Airport Fund	<u>\$ 109,991</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 109,991</u>

**NOTE 5 – LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2006:

	<u>Interest Rate</u>	<u>Maturing</u>	<u>Balance 7/1/05</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Outstanding 6/30/06</u>
Governmental Activities:						
Kamax, L.P. Contract						
Issued 6/10/80	N/A	N/A	<u>\$ 167,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,523</u>
Business-Type Activities:						
Independent Bank #9001						
Issued 12/2/98	5.4%	12/02/13	\$ 87,698	\$ -	\$ 8,330	\$ 79,368
Independent Bank #9002						
Issued 1/4/99	5.4%	01/02/14	96,175	-	9,182	86,993
Independent Bank #9003						
Issued 1/14/99	5.4%	01/02/14	25,502	-	2,506	22,996
Independent Bank #0004						
Issued 2/24/99	5.4%	02/24/13	6,955	-	705	6,250
Independent Bank #9004						
Issued 11/9/00	5.6%	12/02/15	68,635	-	2,799	65,836
Independent Bank #9005						
Issued 1/2/01	5.6%	02/02/16	84,606	-	3,428	81,178
Independent Bank #9006						
Issued 1/2/01	5.6%	01/02/16	<u>26,428</u>	<u>-</u>	<u>822</u>	<u>25,606</u>
			\$ 395,999	\$ -	\$ 27,772	368,227
Less Current Portion						<u>29,618</u>
Total Business-type Activities						<u>338,609</u>
Total Government-wide						<u>\$ 506,132</u>

The Kamax, L.P., contract was entered into for the construction of a municipal water system. The contract is to be repaid at such time as tap-in fees and water use fees are sufficient to cover the normal costs of operations and generate a surplus. Presently, the sole user of the system is Kamax, L.P., and they are charged only for actual costs incurred.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2006**

**NOTE 5 – LONG-TERM DEBT** (Continued)

Total principal and interest payment requirements for the next five years and beyond are as follows:

Year Ended June 30	Principal	Interest	Total
2007	\$ 29,618	\$ 19,503	\$ 49,121
2008	31,273	17,848	49,121
2009	33,022	16,099	49,121
2010	34,867	14,254	49,121
2011	36,817	12,305	49,121
Thereafter	202,630	32,240	234,870
Total	<u>\$ 368,227</u>	<u>\$ 112,249</u>	<u>\$ 480,475</u>

**NOTE 6 – PROPERTY TAXES**

The Township's property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2005 tax is levied and collectible on December 1, 2005, and is recognized as revenue in the year ended June 30, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2005 taxable valuation of the Township totaled approximately \$202,000,000 on which taxes levied consisted of 1.5720 mills for operating purposes. This resulted in approximately \$318,000 for operating purposes. This amount was recognized in the General Fund financial statements as tax revenue.

**NOTE 7 – PENSION PLAN**

The Township makes annual contributions to the Manulife Financial Defined Contribution Plan for Governmental Employees for all eligible employees.

The Township contributed \$37,590 to the plan for the year ended June 30, 2006.

**NOTE 8 – FIRE DEPARTMENT CONTRACT**

The City of Lapeer provides fire department services to Mayfield Township. The City of Lapeer was paid a standby fee of \$126,500 for the period from July 1, 2005 through June 30, 2006. The City also charged additional fees for each fire run for the period July 1, 2005 through September 30, 2005.

The additional fees are paid by Mayfield Township when billed by the fire departments. The Township then bills the person who was provided the fire run service. Beginning October 1, 2005, the fire department no longer charges a per-run fee. The standby fee has been adjusted to account for anticipated usage.

**MAYFIELD TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2006**

**NOTE 9 – RELATED PARTY TRANSACTION**

The Township has entered into a contract with Davis and Sons Landscaping (owned and operated by the husband of the Township Clerk, Kendra Davis) covering the maintenance and operation of the Township hall; summer and winter grounds maintenance for the three year period beginning March 16, 2003 and ending March 15, 2006, and the maintenance and operation of the cemetery summer and winter grounds maintenance for the three year period beginning April 1, 2003 and ending March 31, 2006. This contract remains in effect unless terminated by either party. So long as this contract continues in effect, the contract amount shall be adjusted on March 31 of each year. The adjustment shall be a percentage amount determined by the State of Michigan for increases in taxable value for property taxation purposes. The annual payments for the contract year April 1, 2006 through March 31, 2007 are \$7,611 for the Township hall and \$41,985 for the Cemetery. These represent increases of 3.3% over the third year of the contract. The contract amounts are:

	<u>Cemetery</u>	<u>Hall</u>
Year 1	\$ 38,316	\$ 6,936
Year 2	\$ 39,456	\$ 7,152
Year 3	\$ 40,644	\$ 7,368

**NOTE 10 – RISK MANAGEMENT**

The Township has exposure to risks of loss due to torts, errors, omissions, and property loss. The Township manages these risks by purchasing commercial insurance.

**NOTE 11 – CONTINGENCIES**

The Township continuously prosecutes certain District Court ordinance enforcement matters. These District Court matters do not involve costs to the Township beyond prosecution expenses.

The Township is the plaintiff in four circuit court condemnation cases. All four property easements are being acquired to facilitate the runways at the Township airport. All costs, including compensation and legal fees, are being paid by airport grant funds. The Township has no liability.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
Property Taxes	\$ 292,000	\$ 292,000	\$ 329,066	\$ 37,066
Collection Fees and Penalties	38,000	38,000	43,984	5,984
TOTAL TAXES	330,000	330,000	373,050	43,050
LICENSES, PERMITS AND FEES				
Board of Appeals Fees	1,000	1,000	1,500	500
Franchise Fees	25,000	30,000	31,700	1,700
Liquor Licenses	1,500	2,000	2,007	7
Parcel Split Fees	1,000	1,000	1,280	280
Rezoning Fees	850	850	1,700	850
Zoning Permits and Fees	4,000	3,500	4,197	697
TOTAL LICENSES, PERMITS AND FEES	33,350	38,350	42,384	4,034
INTERGOVERNMENTAL				
State Revenue Sharing	530,000	527,000	527,155	155
TOTAL INTERGOVERNMENTAL	530,000	527,000	527,155	155
CHARGES FOR SERVICES				
Fire Fines	35,000	39,530	65,891	26,361
Property Transfers	500	280	286	6
Special Meetings	3,000	3,400	4,650	1,250
Water Line	3,400	3,400	3,693	293
TOTAL CHARGES FOR SERVICES	41,900	46,610	74,520	27,910
FINES AND FORFEITS				
Fines and Forfeits	6,500	6,500	7,028	528
TOTAL FINES AND FORFEITS	6,500	6,500	7,028	528
MISCELLANEOUS SOURCES				
Hall and Land Rental	20,000	20,000	22,097	2,097
Interest Earned	7,000	7,000	10,263	3,263
Other Revenue	3,250	9,850	19,607	9,757
Sale of Fixed Assets	2,000	2,000	3,828	1,828
Sale of Materials and Duplicating	1,000	190	207	17
TOTAL MISCELLANEOUS SOURCES	33,250	39,040	56,002	16,962
TOTAL REVENUES	975,000	987,500	1,080,139	92,639

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
LEGISLATIVE				
Salaries and Wages	\$ 9,700	\$ 9,700	\$ 9,700	\$ -
Per Diem	1,000	1,000	1,040	(40)
Fringe Benefits	1,649	1,649	996	653
F.I.C.A. Expense	819	819	822	(3)
Office Supplies	100	100	38	62
Transportation	150	150	184	(34)
TOTAL LEGISLATIVE	13,418	13,418	12,780	638
SUPERVISOR				
Salaries and Wages	27,200	27,200	27,200	-
Per Diem	150	150	-	150
Fringe Benefits	4,624	4,624	4,747	(123)
F.I.C.A. Expense	2,092	2,092	2,081	11
Office Supplies	200	200	-	200
Computer Software and Upgrades	500	500	477	23
Transportation	100	100	57	43
Equipment	1,000	1,000	-	1,000
TOTAL SUPERVISOR	35,866	35,866	34,562	1,304
ELECTIONS				
Salaries and Wages	11,600	11,600	4,274	7,326
F.I.C.A. Expense	162	162	54	108
Office Supplies	3,000	3,000	956	2,044
Printing and Publishing	700	700	-	700
Equipment	200	200	-	200
TOTAL ELECTIONS	15,662	15,662	5,284	10,378
AUDITOR				
Audit	10,000	6,000	5,820	180
TOTAL AUDITOR	10,000	6,000	5,820	180
ASSESSOR				
Salaries and Wages	20,394	20,394	20,394	-
Fringe Benefits	3,467	3,467	3,468	(1)
F.I.C.A. Expense	1,560	1,560	1,560	-
Office Supplies	1,500	1,500	1,849	(349)
Computer Software and Upgrades	2,000	2,000	200	1,800
Software Support and Maintenance	1,000	1,000	1,840	(840)
Contractual Services	12,000	14,000	15,000	(1,000)



**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
ASSESSOR (Continued)				
Tax Roll Preparation	\$ 50	\$ 50	\$ -	\$ 50
Transportation	100	100	154	(54)
Equipment	2,000	2,000	772	1,228
TOTAL ASSESSOR	44,071	46,071	45,237	834
ATTORNEY				
Professional Services	15,000	15,000	9,833	5,167
TOTAL ATTORNEY	15,000	15,000	9,833	5,167
CLERK				
Salaries and Wages	37,500	37,500	37,500	-
Per Diem	200	200	-	200
Fringe Benefits	6,375	6,375	5,069	1,306
F.I.C.A. Expense	3,065	3,065	2,869	196
Office Supplies	7,000	8,000	10,084	(2,084)
Computer Software and Upgrades	1,500	1,500	220	1,280
Software Support and Maintenance	1,000	1,000	2,328	(1,328)
Transportation	200	200	173	27
Equipment	-	3,000	2,587	413
TOTAL CLERK	56,840	60,840	60,830	10
DEPUTY CLERK				
Salaries and Wages	-	-	13,809	(13,809)
Per Diem	14,000	14,000	100	13,900
Fringe Benefits	200	200	-	200
F.I.C.A. Expense	-	-	1,082	(1,082)
Office Supplies	1,071	1,071	-	1,071
Transportation	200	200	227	(27)
TOTAL DEPUTY CLERK	15,471	15,471	15,218	253
BOARD OF REVIEW				
Salaries and Wages	500	500	304	196
Per Diem	90	90	-	90
F.I.C.A. Expense	45	45	23	22
Transportation	-	-	8	(8)
Printing and Binding	150	150	81	69
TOTAL BOARD OF REVIEW	785	785	416	369

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TREASURER				
Salaries and Wages	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Per Diem	250	250	-	250
Fringe Benefits	5,100	5,100	4,031	1,069
F.I.C.A. Expense	3,000	3,000	2,598	402
Office Supplies	1,500	1,500	453	1,047
Computer Software and Upgrades	1,000	1,000	-	1,000
Software Support and Maintenance	1,000	1,000	1,010	(10)
Tax Roll Preparation	500	500	250	250
Transportation	400	400	636	(236)
Refunds and Rebates	100	100	-	100
Equipment	500	500	250	250
TOTAL TREASURER	43,350	43,350	39,228	4,122
DEPUTY TREASURER				
Salaries and Wages	12,000	12,000	7,370	4,630
Per Diem	100	100	-	100
F.I.C.A. Expense	926	926	564	362
Office Supplies	-	-	43	(43)
Transportation	25	25	-	25
Equipment	60	60	508	(448)
TOTAL DEPUTY TREASURER	13,111	13,111	8,485	4,626
TOWNSHIP HALL AND GROUNDS				
Salaries and Wages	10,000	10,000	9,614	386
F.I.C.A. Expense	765	765	736	29
Computer Software and Upgrades	-	-	2,945	(2,945)
Software Support and Maintenance	500	500	-	500
Operating and Maintenance supplies	7,000	7,000	6,962	38
Contractual Services	7,200	7,200	7,429	(229)
Telephone	3,000	3,000	3,215	(215)
Burglar Alarm Fee	200	200	195	5
Internet Service	1,000	1,000	909	91
Printing and Publishing	3,200	3,200	2,915	285
Newsletter and Website	500	500	505	(5)
Bonds and Insurance	17,000	17,000	17,383	(383)
Utilities	10,000	10,000	9,733	267
Garbage Disposal	800	800	1,102	(302)
Grounds Repair and Maintenance	500	500	-	500

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TOWNSHIP HALL AND GROUNDS (Continued)				
Equipment Repair and Maintenance	\$ 1,000	\$ 1,000	\$ 672	\$ 328
Office Equipment - Leased	500	500	2,560	(2,060)
Building Repair and Maintenance	1,000	1,000	828	172
Land Improvements	6,000	6,000	4,211	1,789
Building Additions and Improvment	45,000	45,000	30,857	14,143
Equipment	8,000	8,000	4,209	3,791
TOTAL TOWNSHIP HALL AND GROUNDS	123,165	123,165	106,980	16,185
GENERAL OFFICE				
Salaries and Wages	30,000	33,000	32,007	993
Fringe Benefits	3,300	3,300	3,192	108
F.I.C.A. Taxes	2,295	2,500	2,716	(216)
Transportation	150	150	40	110
Meals and Lodging	2,000	2,000	2,310	(310)
Miscellaneous	500	500	422	78
Dues	5,000	5,000	6,170	(1,170)
Education and Training	3,000	3,000	179	2,821
Conferences and Conventions	2,500	2,500	2,317	183
Bonds and Insurance	5,030	5,230	4,353	877
Equipment	2,000	2,000	1,399	601
Pension Expense	40,000	40,000	37,590	2,410
TOTAL GENERAL OFFICE	95,775	99,180	92,695	6,485
TOTAL GENERAL GOVERNMENT	482,514	487,919	437,368	50,551
PUBLIC SAFETY				
LAW ENFORCEMENT				
Office Supplies	100	100	72	28
Operating and Maintenance Supplies	100	100	26	74
Gas Useage - Patrol Car	7,500	11,500	11,623	(123)
Contractual Services	200,000	230,000	229,263	737
Equipment Repairs and Maintenance.	2,000	2,000	961	1,039
Equipment	500	500	452	48
TOTAL LAW ENFORCEMENT	210,200	244,200	242,397	1,803
FIRE SERVICE				
Contractual Services	136,000	136,000	126,500	9,500
Fireruns	15,000	15,000	18,075	(3,075)

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC SAFETY (Continued)				
FIRE SERVICE (Continued)				
Hazardous Material	\$ 1,500	\$ 1,500	\$ -	\$ 1,500
TOTAL FIRE SERVICE	152,500	152,500	144,575	7,925
PLANNING				
Salaries and Wages	4,000	4,000	2,975	1,025
Per Diem	200	200	820	(620)
F.I.C.A. Expense	337	337	235	102
Office Supplies	200	200	62	138
Contractual Services	2,500	2,500	-	2,500
Attorney Fees	5,500	5,500	6,083	(583)
Zoning Administrator	27,600	27,600	27,600	-
Transportation	150	150	80	70
Printing and Publishing	1,500	1,500	1,966	(466)
Miscellaneous	200	200	-	200
Education and Training	350	350	175	175
Conferences and Conventions	1,000	1,000	-	1,000
Equipment	500	500	-	500
TOTAL PLANNING	44,037	44,037	39,996	4,041
BOARD OF APPEALS				
Salaries and Wages	2,000	2,000	1,846	154
Per Diem	200	200	210	(10)
F.I.C.A. Expense	168	168	157	11
Miscellaneous	100	100	-	100
Transportation	-	-	35	(35)
Education and Training	300	300	375	(75)
TOTAL BOARD OF APPEALS	2,768	2,768	2,623	145
CROSSING GUARDS				
Contractual Services	500	600	712	(112)
TOTAL CROSSING GUARDS	500	600	712	(112)
TOTAL PUBLIC SAFETY	410,005	444,105	430,303	13,802
PUBLIC WORKS				
Drains	6,500	2,500	2,383	117
Highways, Streets and Bridges	280,000	280,000	68,989	211,011
Street Lighting	10,000	10,000	9,236	764

**MAYFIELD TOWNSHIP**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC WORKS (Continued)				
Recycling	\$ 4,000	\$ 4,000	\$ 1,220	\$ 2,780
Transportation Authority	16,000	16,000	14,836	1,164
Dupont Water Line	3,800	4,500	7,564	(3,064)
TOTAL PUBLIC WORKS	<u>320,300</u>	<u>317,000</u>	<u>104,228</u>	<u>212,772</u>
HEALTH AND WELFARE				
Ambulance	<u>25,000</u>	<u>-</u>	<u>22,977</u>	<u>(22,977)</u>
TOTAL HEALTH AND WELFARE	<u>25,000</u>	<u>-</u>	<u>22,977</u>	<u>(22,977)</u>
CONTINGENCIES	<u>50,000</u>	<u>20,995</u>	<u>-</u>	<u>20,995</u>
TOTAL EXPENDITURES	<u>1,287,819</u>	<u>1,270,019</u>	<u>994,876</u>	<u>275,143</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(312,819)</u>	<u>(282,519)</u>	<u>85,263</u>	<u>367,782</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	40,000	40,000	30,857	(9,143)
Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>35,000</u>	<u>35,000</u>	<u>30,857</u>	<u>(4,143)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (277,819)</u>	<u>\$ (247,519)</u>	<u>116,120</u>	<u>\$ 363,639</u>
FUND BALANCE - JULY 1, 2005			<u>261,478</u>	
FUND BALANCE - JUNE 30, 2006			<u>\$ 377,598</u>	

## **NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

**MAYFIELD TOWNSHIP**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR YEAR ENDED JUNE 30, 2006**

**BUDGETARY INFORMATION**

The annual budget is prepared by the Township Supervisor and adopted by the Township Board; subsequent amendments are approved by the Township Board.

The budget has been prepared in accordance with generally accepted accounting principles for the General Fund and all Special Revenue Funds.

The budget has been adopted on a cost center basis; expenditures at this level, in excess of amounts budgeted, are a violation of Michigan Law. Comparison of actual results of operations to the budgets of the General Fund and Major Special Revenue Funds, as adopted by the Township Board, are included in the Required Supplemental Information of the basic financial statements. A comparison of the actual results of operations to the Non-major Special Revenue Funds budgets, as adopted by the Township, is included in the Other Supplemental Information section of the financial statements.

**EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS**

The Township had material expenditure budget overrun as follows:

<u>Fund and Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Health and Welfare			
Ambulance	\$ -	\$ 22,977	\$ (22,977)

## **OTHER SUPPLEMENTAL INFORMATION**



**MAYFIELD TOWNSHIP  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006**

	Special Revenue Funds			
	Crossing Guard Fund	Disaster Contingency Fund	Drug Law Enforcement Fund	Revolving Improvement Fund
ASSETS				
Cash in Bank				
Demand Deposits	\$ 2,368	\$ 20	\$ 670	\$ -
Investments	-	-	-	34,418
TOTAL ASSETS	<u>\$ 2,368</u>	<u>\$ 20</u>	<u>\$ 670</u>	<u>\$ 34,418</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to General Fund	179	-	-	-
TOTAL LIABILITIES	<u>179</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND EQUITY				
Fund Balance				
Unreserved - Undesignated	2,189	20	670	34,418
TOTAL FUND EQUITY	<u>2,189</u>	<u>20</u>	<u>670</u>	<u>34,418</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,368</u>	<u>\$ 20</u>	<u>\$ 670</u>	<u>\$ 34,418</u>

			Permanent Fund	
Building Fund	Cemetery Operating Fund	Expendable Cemetery Trust Fund	Cemetery Perpetual Care Fund	Total Non-major Governmental Funds
\$ 10,741	\$ 10,062	\$ 972	\$ 5,461	\$ 30,294
-	-	-	94,548	128,966
<u>\$ 10,741</u>	<u>\$ 10,062</u>	<u>\$ 972</u>	<u>\$ 100,009</u>	<u>\$ 159,260</u>
\$ -	\$ 97	\$ -	\$ -	\$ 97
-	-	-	-	179
<u>-</u>	<u>97</u>	<u>-</u>	<u>-</u>	<u>276</u>
10,741	9,965	972	100,009	158,984
<u>10,741</u>	<u>9,965</u>	<u>972</u>	<u>100,009</u>	<u>158,984</u>
<u>\$ 10,741</u>	<u>\$ 10,062</u>	<u>\$ 972</u>	<u>100,009</u>	<u>159,260</u>

**MAYFIELD TOWNSHIP**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2006**

	Special Revenue Funds			
	Crossing Guard Fund	Disaster Contingency Fund	Drug Law Enforcement Fund	Revolving Improvement Fund
REVENUES				
Taxes	\$ 1,344	\$ -	\$ -	\$ -
Licenses and Fees	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	345	-
Interest	-	-	-	1,859
TOTAL REVENUES	<u>1,344</u>	<u>-</u>	<u>345</u>	<u>1,859</u>
EXPENDITURES				
Building	-	-	-	-
Cemetery	-	-	-	-
Public Safety	<u>1,487</u>	<u>-</u>	<u>900</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,487</u>	<u>-</u>	<u>900</u>	<u>-</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(143)</u>	<u>-</u>	<u>(555)</u>	<u>1,859</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,857)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,857)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(143)</u>	<u>-</u>	<u>(555)</u>	<u>(28,998)</u>
FUND BALANCE - JULY 1, 2005	<u>2,332</u>	<u>20</u>	<u>1,225</u>	<u>63,416</u>
FUND BALANCE - JUNE 30, 2006	<u>\$ 2,189</u>	<u>\$ 20</u>	<u>\$ 670</u>	<u>\$ 34,418</u>

			Permanent Fund	
Building Fund	Cemetery Operating Fund	Expendable Cemetery Trust Fund	Cemetery Perpetual Care Fund	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,344
3,075	-	-	-	3,075
71,321	41,127	-	2,940	115,388
-	-	-	-	345
-	-	5,098	-	6,957
74,396	41,127	5,098	2,940	127,109
71,407	-	-	-	71,407
-	46,028	-	-	46,028
-	-	-	-	2,387
71,407	46,028	-	-	119,822
2,989	(4,901)	5,098	2,940	7,287
-	4,606	-	-	4,606
-	-	(4,606)	-	(35,463)
-	4,606	(4,606)	-	(30,857)
2,989	(295)	492	2,940	(23,570)
7,752	10,260	480	97,069	182,554
\$ 10,741	\$ 9,965	\$ 972	\$ 100,009	\$ 158,984

# BROWN & KENT, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

951 S. MAIN STREET, SUITE #3

LAPEER, MICHIGAN 48446

(810) 664-4470

FAX (810) 664-3601

To the Board Members  
Mayfield Township  
1900 N. Saginaw Street  
Lapeer, MI 48446

Dear Board Members:

We have completed our audit of the basic financial statements for Mayfield Township (the "Township"), for the year ended June 30, 2006. As a result of our audit, and in addition to our financial report, we offer the following comments and recommendations for your review and consideration. These items have been discussed with your administration.

### New Auditing Standards

Recently, ten new auditing standards have been released and will become effective over the next two years. There are two new standards that may impact the Township beginning next fiscal year.

One of the standards revises the dating of the auditors' report. The old standards had reports dated the last day of fieldwork. The new standards define the date as the date adequate audit evidence is obtained. Adequate audit evidence is now being interpreted as including the client's approval of the draft financial statements. This new standard impacts an auditors' subsequent events work, which is from June 30 through the date of the auditors' report. The impact to the Township could be if there was a long period of time needed to resolve certain open issues. This would extend the dating of the auditors' report and increase the amount of work we need to complete our subsequent events work.

The other standard that may impact the Township is related to our communications with you. The new standard includes examples of strong indicators of a "significant deficiency." One example is the client is unable to write financial statements, including the footnotes, in accordance with generally accepted accounting principles. Historically, we have prepared the financial statements and footnotes for the Township. We will have to evaluate the Township's ability to produce financial statements and footnotes. We will continue to monitor these standards.

### Recording of Interest Income in the Cemetery Trust Funds and the Cemetery Operating Fund

The Township currently has investments held in the Township's Cemetery Trust Fund, which earn interest to be used for Cemetery Operations. This interest earned by the Trust Fund is recorded as income in the Cemetery Operating Fund.

To properly reflect the revenue and expenditures of these funds the interest should be recorded as interest income in the Cemetery Trust Fund and as a "Transfer Out" to the Cemetery Operating Fund. In the Cemetery Operating Fund it would be recorded as a "Transfer In."

Tax Fund

The Township's unadjusted balances in the payable accounts of the Tax Fund were not in agreement with the actual amounts owed, which were caused by the incorrect posting of receipts and disbursements. Please note that no discrepancy in the amounts collected or disbursed was found, this is only a recording error. The accounts incorrectly reflected amounts owed to the county, schools, etc.

We suggest that after you write the bi-weekly checks to disburse the funds collected, you reconcile the amount remaining in the checking account to the balances in the Tax Fund payable accounts.

We would like to thank the Board for the opportunity to serve as auditors for Mayfield Township. We would be happy to answer any questions you have regarding the annual financial report, and would be pleased to discuss the above comments and recommendations at your convenience.

*Brown & Kent, P.C.*

Certified Public Accountants

August 11, 2006